

11 APR 1955

MEMORANDUM FOR: Legislative Counsel

SUBJECT: Comments on Legislative Proposals Concerning Civil Service Retirement

Pursuant to your request, this Office has reviewed the following bills from the standpoints of general Agency interest, their impact on Agency operations and the prospective advantages to CIA personnel.

1. S. 58, Civil Service Retirement After 30 Years
 - a. Subject bill would provide for optional retirement after 30 years service, regardless of age, on a full annuity.
 - b. This bill is more liberal in certain respects than the Agency's proposal for accelerated retirement. The latter would provide additional credit for overseas service toward both the service, and age requirements for optional retirement. Notwithstanding the Agency's position relative to additional creditability of overseas service, the benefits of S. 58, if enacted, should apply to Agency personnel as well as other Federal employees. If the bill does become law, however, the right to reemploy personnel under age 60 without obtaining Civil Service Commission approval should be preserved. This Office desires to be kept currently informed of any favorable progress on this bill, because of its implications for the Agency's position on accelerated retirement.
2. S. 65, Amendment of Provision Affecting Personnel Engaged in Criminal Investigation, Detection, etc.
 - a. Subject bill would construe the word "detention" as it appears in section 1(d) of the Retirement Act to include duties of employees in Bureau of Prisons, Federal Prison Industries et al.
 - b. The proposal does not concern this Agency.
3. H.R. 2586, Increase in Annuities Payable to Survivors of Employee Covered by Retirement Act
 - a. Subject bill would liberalize the survivors benefits now payable under stipulated conditions to the widow and/or dependent

children under age 18, in the event an employee's death is attributable or substantially aggravated by the performance of his duties. Even though a survivor might be eligible for an employee's compensation benefit, the increase would contribute considerably in certain cases to amelioration of the resulting financial situation imposed upon survivors. Widow benefits (a derivative of the employee's benefits) would be figured under assumed conditions that the employee had obtained an entitlement to an annuity based upon retirement at age 60 with 30 years service.

- b. This Office does not consider the bill to be of concern to the Agency.
- 4. H.R. 4735, Annuity to Widows of Certain Former Federal Employees with 25 Years Service
 - a. Subject bill would provide certain survivor benefits under specified conditions to widows of employees who died prior to 28 February 1948 after having rendered 25 years of service and retired on an annuity. The proposal would cover under the Retirement Act certain widows now excluded.
 - b. This Office does not foresee any Agency activity concerning this bill.
- 5. H.R. 2652, Payment of Annuities to Certain Former Employees
 - a. Subject bill would credit service in Federal employment prior to 1920 toward Civil Service retirement under certain conditions.
 - b. This bill does not appear to warrant any Agency position.
- 6. H.R. 3792, Increase in Annuity of Retired Employees and Survivors
 - a. Subject bill proposes that the annuity benefits paid retired employees or survivors of retired employees be increased by \$54 for each six months period between the commencing date of the annuity and 1 October 1955. The bill also provides that such an increase will not exceed the lesser of \$360 or 1/3 of the present annuity.
 - b. No Agency interest is discerned.
- 7. H.R. 2650, Increase in Annuity for Certain Widows and Widowers of Former Employees
 - a. Subject bill would extend annuity rights to certain survivors not now covered, i.e., widows or widowers who survive employees or retired employees who died prior to 1948. The bill would

also change the current provisions applicable to surviving widows or widowers who receive an annuity as the result of an election by the employee at the time of retirement. Under the Retirement Act, the survivors annuity right ceases on remarriage, but the proposed bill would provide for a resumption of the such benefits to the widow upon the death of the spouse whom she remarried.

- b. This Office generally favors any liberalization of the survivor benefits now accorded by law.
- 8. H.R. 4737, Retirement Following Involuntary Separation with 20 Years Service
 - a. Subject bill would provide an annuity, without reduction for age, to an individual involuntarily separated, not for cause, if (1) he rendered at least 20 years service and (2) occupied a position in the classified civil service immediately prior to the date on which the position was excepted from the classified civil service.
 - b. The current service requirement applicable to Federal employees who retire for involuntary separation, not for cause, is 25 years service, and the annuity is subject to a reduction if the employee is under age 60. Thus the 20 year proposal is a significant departure from the current provision of law. Although this bill provides an exception only for employees meeting the condition stipulated in 9a(2) above and does not repeal the current provisions for retirement following involuntary separation if an employee has 25 years service, this Office believes the 20 year service requirement should be accorded Agency personnel if extended to other groups of Federal employees. We would appreciate being apprised of any favorable action on this proposal.
- 9. S. 1041, Creditability of Service with State and Local Governments Toward Retirement
 - a. Subject bill contemplates the creditability for Civil Service retirement of service by State employees engaged in designated Federal-State cooperative programs.
 - b. The bill does not appear to have any applicability to this Agency.

STATINTL



Harrison G. Reynolds
Director of Personnel

NOTICE OF PENDING LEGISLATION

DATE
12 January 1955
LEGISLATIVE BILL NO.
S. 58

SECTION I

GENERAL

TO :	FROM: LEGISLATIVE COUNSEL OFFICE OF GENERAL COUNSEL
Comptroller	

THE ATTACHED BILL, WHICH HAS BEEN INTRODUCED INTO CONGRESS, IS:

SENT TO YOU FOR INFORMATION ONLY.

A BILL ON WHICH FAVORABLE CONGRESSIONAL ACTION IS IS NOT PREDICTED.

SENT FOR YOUR COMMENT AS TO WHETHER IT IS OF INTEREST TO CIA ACTIVITIES, AND WHETHER FURTHER ACTION BY THIS OFFICE IS NECESSARY OR DESIRED.

[IT IS REQUESTED THAT COMMENTS CONCERNING THIS LEGISLATION BE FORWARDED, THROUGH APPROPRIATE CHANNELS, TO THIS OFFICE, BY]

FOLD
HEREFOLD
HERE

SECTION II

COMMENTS (From Original Addressee)

TO : LEGISLATIVE COUNSEL OFFICE OF GENERAL COUNSEL	FROM: Comptroller
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This is a bill which is of interest to CIA activities. The action required of Legislative Counsel is to see that it is passed.

Committee reports would be appreciated.

STATINTL

DATE OF COMMENTS
15 January 1955

Approved For R E. R. Saunders, Comptroller

000200140001-8

EXTENSION

NOTICE OF PENDING LEGISLATION

DATE

LEGISLATIVE BILL NO.
S. 58

SECTION I

GENERAL

TO :

FROM: LEGISLATIVE COUNSEL
OFFICE OF GENERAL COUNSEL

THE ATTACHED BILL, WHICH HAS BEEN INTRODUCED INTO CONGRESS, IS:

 SENT TO YOU FOR INFORMATION ONLY. A BILL ON WHICH FAVORABLE CONGRESSIONAL ACTION IS IS NOT PREDICTED.

~~(X)~~ SENT FOR YOUR COMMENT AS TO WHETHER IT IS OF INTEREST TO CIA ACTIVITIES, AND WHETHER FURTHER ACTION BY THIS OFFICE IS NECESSARY OR DESIRED.

IT IS REQUESTED THAT COMMENTS CONCERNING THIS LEGISLATION BE FORWARDED, THROUGH APPROPRIATE CHANNELS, TO THIS OFFICE, BY _____.

FOLD
HEREFOLD
HERE

SECTION II

COMMENTS (From Original Addressee)

TO : LEGISLATIVE COUNSEL
OFFICE OF GENERAL COUNSEL

FROM:

5 January 1955

84th Congress
1st Session

Mr. Johnston of South Carolina

A bill to grant civil-service employees retirement after thirty years' service.

Distribution:

3 - AD/Personnel
1 - Comptroller

STATINTL

Approved For R

RDP59-00224A000200140001-8

ER-7-8013 A

Honorable Olin D. Johnston
Chairman
Committee on Post Office & Civil Service
United States Senate
Washington 25, D. C.

Dear Mr. Chairman:

In your letter of 11 January 1956 you requested the views and comments of this Agency on S. 2875, which bill would revise the Civil Service Retirement Act of 1930, as amended.

Insofar as civilian employees of the Agency are concerned, we note that S. 2875 proposes to liberalize certain provisions of the Retirement Act, such as providing for (1) retirement at an earlier age and with less reduction in annuity; (2) increased benefits to annuitants and their survivors; (3) reemployment of annuitants; and (4) coverage of certain temporary and intermittent workers who are employed for at least six continuous months. We perceive no security implications in the extension and liberalization of these benefits as proposed in S. 2875.

We appreciate the opportunity to express our views on this important matter.

We have been advised by the Bureau of the Budget that there is no objection to the presentation of the report to your Committee.

Sincerely,

Originating Office - Personnel

IG:SP/blc (26 Jan. 56)

Orig. & 4 - Add

1 - Bur. of Budget

2 - DCI

2 - Legis. Counsel *W. Basic*

2 - DD/S

2 - D/Pers.

Allen W. Dulles
Director

CONCUR:

DD(Support)

Legislative Counsel

Inspector General

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Olin D. Johnston, Chairman
Matthew M. Neely, St. V.
John O. Pastore, R. I.
A. S. Mike Monroney, Okla.
Thomas C. Hennings, Jr., Mo.
W. Kerr Scott, N. C.
Richard L. Neuberger, Oreg.
H. W. Brawley, Executive Director

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Senate Registry
7-8013

United States Senate

Committee on
Post Office and Civil Service

January 11, 1956

Dear Mr. Dulles:
Honorable Allen W. Dulles
Director, Central Intelligence Agency
Washington 25, D. C.

S. 2875 (attached for your information)
has been referred to the Senate Post Office and Civil Service
Committee for consideration.

Your views and comments on this proposal
are requested not later than January 27, 1956.

Please forward your reply (five copies)
to Room 134, Senate Office Building.

Sincerely yours,


Olin D. Johnston
Chairman

Enclosure

Approved For Release 2002/01/02 : CIA-RDP59-00224A000200140001-8

Honorable Olin D. Johnston
United States Senate
Washington 25, D. C.

Dear Senator Johnston:

In your letter of 11 January 1956 you asked this Agency to give ~~you our views and comments~~ on S. 2875, which bill would revise the Civil Service Retirement Act of 1930, as amended.

Insofar as civilian employees of the Agency are concerned, we note that S. 2875 proposes to liberalize certain provisions of the Retirement Act, such as providing for (1) retirement at an earlier age and with less reduction in annuity; (2) increased benefits to annuitants and their survivors; (3) reemployment of annuitants; and (4) coverage of certain temporary and intermittent workers who are employed for at least six continuous months. We perceive no security implications in the extension and liberalization of these benefits as proposed in S. 2875.

~~We are certainly in accord with the objectives to be accomplished by your bill, and we appreciate the opportunity to express our views on this important forward step in Federal personnel administration.~~

Sincerely,

We have been advised by the Bureau of Budget that there is no objection to the presentation of this report to your Committee.
Allen W. Dulles
Director

cc: Director, Bureau of
the Budget

Concur: _____
Deputy Director (Support)

Distribution:

O & 4 - Addressee
V2 - DCI
2 - DD/S
1 - Legis. Counsel
2 - D/Pers

Concur: _____

STATINTL

Originator: _____
Diplomatic Personnel

5.2815

STATINTL

2. Met with Messrs. [REDACTED] and others to discuss action
on the request by Senator Johnston for comments on the retirement bill.
It was agreed that in the light of the new developments of an Administra-
tion bill, the Agency would be best advised to propose a very general
answer to Senator Johnston, worded in such a way so as to avoid any
possible embarrassment to the Administration regarding its own legis-
lative proposals. 20 Jan. '66

4. A third matter discussed with Mr. Jones was the status of retirement legislation. I specifically asked him whether he had any suggestions as to how CIA should handle its outstanding request from Senator Olin Johnston for comments on a retirement bill (S. 2875) which he had introduced on January 6th. I told him that we were preparing a draft which in effect compared the provisions of the Johnston bill with those of a draft Administration bill which had been previously submitted to us for comment. Mr. Jones said that this was a useless exercise because the Administration now was working on an entirely different bill, which he oped would be sent over to us by Monday, with a note requesting that we bear in mind the Administration proposals in commenting on the Johnston bill.

18 Jan. 56

2 (19 January 1956)

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON 25, D. C.

JAN 24 1956

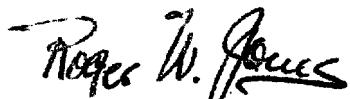
My dear Mr. Dulles:

The Administration's proposed retirement bill sent you in draft form for review on August 22, 1955, is being forwarded by the Chairman of the Civil Service Commission to the Congress and copies are attached for your information and guidance. The views of the departments and agencies have been taken into account, consistent with the recommendations of the Committee on Retirement Policy for Federal Personnel, in this final version. Enactment of this draft bill would be in accord with the program of the President.

For your information there is also enclosed a copy of the Civil Service Commission's report stating the Administration's adverse position on S. 2875, a bill "To revise the Civil Service Retirement Act."

If it is desired to confer on this matter, please communicate with C. Spencer Platt, Bureau of the Budget (Code 189), Branch 512.

Sincerely yours,



Assistant Director for
Legislative Reference

Honorable Allen W. Dulles
Director, Central Intelligence Agency
Washington 25, D. C.

STATINTL
Attention:



Enclosures

UNITED STATES CIVIL SERVICE COMMISSION
WASHINGTON 25, D. C.

January 27, 1956

Honorable Olin D. Johnston
Chairman
Committee on Post Office
and Civil Service
United States Senate
Room 134, Senate Office Building

Dear Senator Johnston:

I am referring further to your letter of January 11, 1956, relative to S. 2875, a bill "To revise the Civil Service Retirement Act."

Due to the very substantial cost which is involved in the liberal retirement benefits proposed by this bill, the Commission is opposed to its enactment. In view of this position, this report does not include comments or recommendations on any of its specific provisions.

The Administration has recently submitted to Congress draft legislation to implement the recommendations made to the legislative body by the Committee on Retirement Policy for Federal Personnel. The major change proposed by this legislation is a measure of co-ordination between the Civil Service Retirement System and the Old-Age and Survivors Insurance System. This coordination will place career employees under both systems, thereby providing for short-term Federal personnel the basic old-age and survivor protection now available to persons working in private industry, while retaining the rewards for long service inherent in the staff retirement system.

We believe the Administration's proposal also offers a better solution to the inadequacy of benefits in some cases and overly-generous benefits in others which are now present where employees move between Government and private employment. These problems cannot be solved without coordination.

The Administration's policy for financing the fund is contained in section 16(h) and section 17 of its proposal.

The Commission recommends that Congress give careful consideration to the Administration's proposal before it takes any action looking toward extensive amendments to the Retirement Act.

* 2 *

Attached for the Committee's consideration is a table comparing costs under (1) the present Civil Service Retirement System, (2) S. 2875, and (3) the Administration's proposal, for coordination. This table shows total annual costs as follows: Present law, \$1,380 million; S. 2875, \$1,901 million; Administration's proposal, \$1,324 million.

The Bureau of the Budget advises there would be no objection to the submission of this report to your Committee.

By direction of the Commission:

Sincerely yours,

Philip Young
Chairman

Enclosure - 198

Annual Costs under Present Civil Service Retirement Act,
S. 2875, and Administration's Proposal

Payable by	Present law	S. 2875	Administration's Proposal
:	:	:	1/
: Normal : Interest : Total	: Normal : Interest : Total	: Normal : Interest : FICA : Total	
:	:	:	

As percentage of payroll

Employee	: 6.00%	: --%	: 6.00%	: 6.00%	: --%	: 6.00%	: 3.83%	: --%	: 1.74%	: 5.57%
Government	: 4.92	: 4.50	: 9.42	: 8.74	: 6.50	: 15.24	: 3.95	: 3.52	: 1.74	: 9.21
Total	: 10.92	: 4.50	: 15.42	: 14.74	: 6.50	: 21.24	: 7.78	: 3.52	: 3.48	: 14.78

In millions of dollars

Employee	: \$537	: \$ --	: \$537	: \$537	: \$ --	: \$537	: \$343	: \$ --	: \$156	: \$499
Government	: 440	: 403	: 843	: 782	: 582	: 1,364	: 354	: 315	: 156	: 825
Total	: 977	: 403	: 1,380	: 1,319	: 582	: 1,901	: 697	: 315	: 312	: 1,324

1/ Social security taxes on the first \$4,200 of salary, at the present tax rate of 2½ for the years 1957-1959. Presently scheduled increases in the rate of tax will result in higher employee and Government FICA costs in future years as shown below.

Years	Tax rate	% of Total Payroll	Millions of dollars
1960 - 1964	2½	2.17%	\$194
1965 - 1969	3	2.61	234
1970 - 1974	3½	3.04	272
After 1974	4	3.47	311

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 COMPARISON OF MAJOR PROPOSALS IN S. 2875 WITH CURRENT PROVISIONS IN THE RETIREMENT ACT

ITEM	PROPOSAL - S. 2875	CURRENT PROVISION - RETIREMENT ACT
I. Retirement at an Earlier Age	<ol style="list-style-type: none"> 1. Immediate retirement at <u>any age</u> with 30 years' service 2. Immediate retirement if involuntarily separated (example - RIF): <ol style="list-style-type: none"> a. 25 years', regardless of age b. 20 years', if age 50 	<ol style="list-style-type: none"> 1. Immediate retirement at <u>age 55</u> with 30 years' service 2. Immediate retirement if involuntarily separated: 25 years', regardless of age
II. Less Reduction in Annuity If Retirement Prior to Age 60	<ol style="list-style-type: none"> 1. Reduction Scale $\frac{1}{12}$ of 1% per month up to 30 months that employee is under age 60 at retirement $\frac{1}{8}$ of 1% per month in excess of 30 and up to 60 months employee is under age 60 $\frac{1}{6}$ of 1% per month in excess of 60 months employee is under age 60 (Examples: age 59-1%; age 55-6.25%) 	<ol style="list-style-type: none"> 1. Reduction Scale $\frac{1}{4}$ of 1% per month employee is under age 60 at retirement (Examples: age 59-3%; age 55-15%)
III. Increased Benefits	<ol style="list-style-type: none"> 1. Employee benefit would be the larger of the two following calculations: $2\% \text{ of average salary} \times \text{years of service}$ $1\% + \\$25 \times \text{years of service}$ (Annuity based on \$6000 average salary and 30 years' service would be $2\% \text{ of } \\$6000 = \\$120 \times 30 = \\$3600$) 2. Minimum disability benefit - smaller of 40% of average salary or amount obtained from increasing employee's service from date of separation to age 70 	<ol style="list-style-type: none"> 1. Employee benefit consists of the following: <ol style="list-style-type: none"> a. If average salary is under \$5000 $1\% \text{ of average salary} + \\$25 \times \text{years of service}$ b. If average salary is \$5000 or more $1\frac{1}{2}\% \text{ of average salary} + \text{years of service}$ (Annuity based on \$6000 average salary and 30 years' service would be $1\frac{1}{2}\% \text{ of } \\$6000 = \\$90 \times 30 = \\2700) 2. No minimum disability benefit is guaranteed

ITEM	PROPOSAL - S. 2875	CURRENT PROVISION - RETIREMENT ACT
IV. Increased Survivors Benefits	<p>1. Widow or Widower of Retiree</p> <ul style="list-style-type: none"> a. Widow or widower of <u>any</u> retiree would receive 50% of retiree's annuity, not exceeding \$4000, upon retiree's death b. No reduction in retiree's annuity if \$4000 or less; retiree could elect survivor benefit for annuity over \$4000 (50% thereof) by taking reduction of 10% in annuity over \$4000 c. Widow or widower benefit would be payable upon retiree's death <p>2. Widow or Widower of Employee Dying in Federal Service</p> <p>Widow or <u>dependent</u> widower would immediately receive survivor benefit (50% of employee's earned benefit) if employee dies after 5 years' service</p> <p>3. Dependent <u>children</u> benefits would be increased</p>	<p>1. Widow or Widower of Retiree</p> <ul style="list-style-type: none"> a. Widow or widower receives 50% if eligible retiree elects survivor benefit (eligible retiree must have retired for disability or on immediate annuity, with 15 years' service) b. If retiree elects survivor benefit, all annuity reduced (5% of 1st \$1500 of annuity; 10% of remainder plus 3/4 of 1% of total annuity for each year survivor is under age 60 at employee's retirement) c. Widow or widower benefit payable upon retiree's death or age 50, whichever is later <p>2. Widow or Widower of Employee Dying in Federal Service</p> <p>No benefit is payable to dependent widower, and widow must wait until age 50 unless dependent children survive</p>
V. Reemployment of Annuitants	<p>Reemployed annuitants could be hired at will of appointing officer</p>	<p>Reemployed annuitants past age 60 must have special qualifications for position (Determination is only good for a specific position and must be made again if individual is placed in different position)</p>

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ITEM	PROPOSAL - S. 2875	CURRENT PROVISION - RETIREMENT ACT
VI. Coverage of Aliens and Contract Employees	Civil Service Commission would have authority to exclude temporary and intermittent personnel except no individual with 6 months' continuous service would be excluded	Employees hired by contract and temporary employees are excluded from coverage

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